

residential real estate, the appropriate Agency form (available in each Agency State Office) or other format that contains the same information, by a designated FmHA or its successor agency under Public Law 103-354 real property appraiser, or FmHA or its successor agency under Public Law 103-354 State-certified general contract real property appraiser. Appraisals are necessary when real estate is taken as primary security, as defined in §1943.4 of this subpart, and when loans are serviced in accordance with subpart S of part 1951 of this chapter. Real estate appraisals are not required when real estate is taken as additional security, as defined in §1943.4 of this subpart. However, the County Supervisor will document in the running record the estimated market value of the additional security and the basis for the estimate.

(2) Other real estate appraisals completed by other State-certified general appraisers may be used providing such appraisals meet the ethics, competency, departure provisions, etc., and sections I and II of the Uniform Standards of Professional Appraisal Practices, and contain a mineral rights appraisal as set out in paragraph (c)(4) of this section. Prior to acceptance, the appraisal must have an acceptable desk review (technical) completed by an FmHA or its successor agency under Public Law 103-354 designated review appraiser.

(3) Real estate appraisals will be completed as provided in §761.7 of this title. The rights to mining products, gravel, oil, gas, coal, or other minerals will be considered a portion of the security for Farmer Programs loans and will be specifically included as a part of the appraised value of the real estate securing the loans using Form FmHA or its successor agency under Public Law 103-354 1922-11, "Appraisal for Mineral Rights" or other format that contains the same information.

(4) The value of stock required to be purchased by Federal Land Bank (FLB) borrowers may be added to the recommended market value of the real estate, provided:

- (i) An assignment is obtained on the stock, or
- (ii) An agreement is obtained which provides that:

(A) The value of the stock at the time the FLB loan is satisfied will be applied on the FLB loan, or

(B) The stock refund check is made payable to the borrower and FmHA or its successor agency under Public Law 103-354, or

(C) The stock refund check is made payable to the borrower and mailed to the County Supervisor.

(iii) The total of the stock value and the recommended market value of real estate is indicated in the comments section of the appraisal report.

(5) In the case of nonreal estate security the following items apply:

(i) Form FmHA or its successor agency under Public Law 103-354 440-21, "Appraisal of Chattel Property," will be used.

(ii) The property which will serve as security will be described in sufficient detail so it can be identified.

(iii) Its current market value, or if appropriate, the current cash value will be determined.

[53 FR 35692, Sept. 15, 1988, as amended at 54 FR 47959, Nov. 20, 1989; 58 FR 26681, May 5, 1993; 59 FR 16773, Apr. 8, 1994; 62 FR 9356, Mar. 3, 1997; 64 FR 62568, Nov. 17, 1999]

#### **§ 1943.26 Planning and performing farm development.**

The development work will be planned and completed in accordance with subpart A of part 1924 of this chapter. The provisions of subpart E of part 1901 of this chapter will be met in connection with FO loans involving recreational enterprises and the construction of buildings.

#### **§ 1943.27 Relationship with other lenders.**

An applicant will be requested to obtain credit from another source when information indicates such credit is available. When another lender will not make a loan for the total needs of the applicant but is willing to participate with an FO loan, consideration will be given to a participation loan. FmHA or its successor agency under Public Law 103-354 employees may not guarantee, personally or for FmHA or its successor agency under Public Law 103-354, repayment of advances made from other credit sources. However, lenders

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may be assured that lien priorities will be recognized.

### **§ 1943.28 FmHA or its successor agency under Public Law 103-354 loans simultaneous with other lenders.**

(a) FmHA Guide Letter 1943-A-1 (available in any FmHA or its successor agency under Public Law 103-354 office), will serve as a guide in executing MOUs with State Beginning Farmer programs by which FO loans will be made simultaneously with loans by any State Beginning Farmer program. Subpart R of part 2000 of this chapter, "Memorandum of Understanding FHA or its successor agency under Public Law 103-354-FCA," (available in any FmHA or its successor agency under Public Law 103-354 office) will serve as a guide in processing FO loans to be made simultaneously with loans by FLB to a common applicant. State Directors may work out agreements for simultaneous loans with long-term lenders other than FLBs for eligible loan purposes. Such an agreement should prohibit future advances by the first mortgage holder except for taxes, property insurance, reasonable maintenance expenditures, and reasonable foreclosure costs, but should not prohibit subsequent FmHA or its successor agency under Public Law 103-354 loans. It should also cover items such as appraisal methods, title clearances, loan closing, the disbursement of funds and, when appropriate, advance notice of foreclosure. It may also cover other items considered necessary or advisable for a sound FmHA or its successor agency under Public Law 103-354 junior lien loan.

(b) The County Supervisor and the other lender's representative should maintain a close working relationship in processing loans to a mutual applicant or borrower. When an FO loan is made at the same time as a loan from another lender, that lender's lien will have priority over the FmHA or its successor agency under Public Law 103-354 lien unless otherwise agreed upon. The lender's lien priority can cover the following in addition to principal and interest: advances for payment of taxes, property insurance, reasonable maintenance to protect the security,

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and reasonable foreclosure costs including attorney's fees.

[53 FR 35692, Sept. 15, 1988, as amended at 58 FR 48288, Sept. 15, 1993]

### **§ 1943.29 Relationship between FSA loans, direct and guaranteed.**

(a) Direct FO loans may be made simultaneously with other FmHA or its successor agency under Public Law 103-354 loans, and to borrowers presently indebted to FmHA or its successor agency under Public Law 103-354, when the loan limits will *not* be exceeded and all requirements of the loans involved will be met.

(b) A direct FO may be made to a guaranteed loan borrower provided the requirements of 7 CFR 761.8 and all other loan requirements are met.

(c) A borrower may use the same collateral to secure two or more loans, direct or guaranteed, under this subpart except that the outstanding amount of such loans may not exceed the total value of the collateral so used.

[53 FR 35692, Sept. 15, 1988, as amended at 55 FR 21528, May 25, 1990; 58 FR 44747, Aug. 25, 1993; 58 FR 48282, 48288, Sept. 15, 1993; 61 FR 35925, July 9, 1996; 66 FR 7568, Jan. 24, 2001]

### **§§ 1943.30-1943.32 [Reserved]**

### **§ 1943.33 Loan approval or disapproval.**

(a) *Loan approval authority.* Initial and subsequent loans may be approved as authorized by subpart A of part 1901 of this chapter provided:

(1) The total debt including the loan(s) being made (unpaid principal and past due interest) against the security will not exceed the market value of the security.

(2) No significant changes have been made in the development plan considered by the appraiser when real estate will be taken as security.

(b) *Loan approval action.* (1) The loan approval official must approve or disapprove applications within the deadlines set out in §1910.4 of subpart A of part 1910 of this chapter. The loan approval official is responsible for reviewing the docket to determine whether the proposed loan complies with established policies and all pertinent regulations. When reviewing the docket, the